



right, title, or interest in the described properties or any part thereof, their heirs, successors and assigns, and shall inure to the benefit of each owner thereof.

ARTICLE I

Master Covenants and Master Association

All Lots within the Property are subject to that certain Declaration of Covenants, Restrictions and Easements for Lake Shore Subdivision recorded in Deed Book 301-Y, Page 596, in the Office of the Clerk of the Superior Court ("Clerk's Office") of Chatham County, Georgia ("Master Covenants"), and are under the jurisdiction of The Lake Shore Homeowners Association, Inc. All Lots within the Property are expressly subject to all covenants, conditions, restrictions, liens, charges and assessments set forth in the Master Covenants.

ARTICLE II

DEFINITIONS

Section 1. "Association" shall mean and refer to THE VILLAS AT LAKE SHORE HOMEOWNERS ASSOCIATION, INC., its successors and assigns.

Section 2. "Owner" shall mean and refer to the record owner, whether one or more persons or entities, of a fee simple title to any Lot which is part of the Property, but excluding those having such interest merely as security for the performance of an obligation.

Section 3. "Property" shall mean and refer to that certain real property hereinbefore described, and such additions thereto as may hereafter be brought within the jurisdiction of the Association in accordance with the terms hereof.

Section 4. "Common Area" shall mean all real property (including the improvements thereto) owned by the Association for the common use and enjoyment of the Owners. The Common Area shall be conveyed to the Association free and clear of encumbrances. The Common Area shall include, but not be limited to, those areas designated on any map or plat of the Property or any portion thereof as "common areas", parking areas, sign, mailbox and landscape easements, open spaces and any other access, utility or drainage easements, and all such other areas as may be designated as common area by any amendment or supplement hereto. Notwithstanding anything contained herein to the contrary, Declarant reserves the right to record maps or plats which may alter the boundaries of Common Area or any Lots so as to accurately describe the metes, bounds and dimensions of any Lot (or improvements thereon) contained within the Property.

Section 5. "Lot" shall mean and refer to any plot of land intended for individual ownership as a single family residence, as shown upon any recorded subdivision map of the Property with the exception of the Common Area. Notwithstanding anything contained herein to the contrary, Declarant reserves the

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right to record maps or plats which may alter the boundaries of Common Area or any Lots so as to accurately describe the metes, bounds and dimensions of any Lot (or improvements thereon) contained within the Property.

Section 6. "Declarant" shall mean and refer to RG HOMES, INC., its successors and assigns, if such successors and assigns should acquire more than one undeveloped Lot from the Declarant for the purpose of development, and if a written instrument of assignment is recorded in the Clerk's Office.

Section 7. "Development" shall mean THE VILLAS AT LAKE SHORE HOMEOWNERS ASSOCIATION, INC., Chatham County, Georgia, a townhome development.

Section 8. "Unit" shall mean a completed fee simple townhouse constructed on an individual lot.

ARTICLE III

PROPERTY RIGHTS

Section 1. Owner's Easements of Enjoyment. Every Owner shall have a right and easement of enjoyment in and to the Common Area which shall be appurtenant to and shall pass with the title to every Lot, subject to the following Provisions:

(a) the right of the Association to dedicate or transfer all or any part of the Common Area to any public agency, authority, or utility for such purposes and subject to such conditions as may be agreed to by the members.

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No such dedication or transfer shall be effective unless an instrument agreeing to such dedication or transfer signed by two-thirds (2/3) of each class of members has been recorded.

(b) the rights of the Association to promulgate rules and regulations governing the use of the Property and to levy fines for any violations thereof.

(c) the right of individual Owners to the exclusive use of parking spaces as provided in this Article.

Section 2. Delegation of Use. Any Owner may delegate, in accordance with the By-Laws, his right of enjoyment to the Common Area and facilities to the members of his family, his tenants, or contract purchasers who reside on the property.

Section 3. Parking Rights. Ownership of each Lot shall entitle the Owner or Owners thereof to the use of not more than two (2) automobile parking spaces (which shall be located on or near the Lot but which shall be determined and allocated by the Association) together with the right of ingress or egress in and upon the driveways and parking areas appurtenant thereto. Other common parking places may be available to Owners, as determined and allocated by the Association.

ARTICLE IV

MEMBERSHIP AND VOTING RIGHTS

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Section 1. Every Owner of a Lot which is subject to assessment shall be a member of the Association. Membership shall be appurtenant to and may not be separated from ownership of any Lot which is subject to assessment.

Section 2. The Association shall have two classes of voting membership:

Class A. Class A members shall be all Owners, with the exception of the Declarant, and shall be entitled to one vote for any Lot, all such persons shall be members. The vote for such Lot shall be exercised as they determine, but in no event shall more than one vote be cast with respect to any Lot.

Class B. The Class B member(s) shall be the Declarant and shall be entitled to five (5) votes for each Lot owned. The Class B membership shall cease and be converted to Class A membership on the happening of either of the following events, whichever occurs earlier:

(a) When the total votes outstanding in the Class A membership equal the total outstanding votes in the Class B membership; or,

(b) Five (5) years following conveyance of the first Lot to an Owner. Thereafter, the Class B member shall become a Class A member.

ARTICLE V

COVENANT FOR MAINTENANCE ASSESSMENTS

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Section 1. Creation of the Lien and Personal Obligation for Assessments. The Declarant, for each Lot owned within the Property, hereby covenants, and each Owner of any Lot by acceptance of a deed therefor, whether or not it shall be so expressed in such deed, is deemed to covenant and agree to pay to the Association: (1) annual assessments or charges, and (2) special assessments for capital improvements, (3) specific assessments to be assessed against less than all of the Lots, all of such assessments to be established and collected as hereinafter provided; provided, however, that the Declarant shall be exempt from such assessments for a period of five (5) years from the date of the recording of this Declaration, except for such Lots which are owned by the Declarant and occupied by a tenant. The assessments, together with interest thereon at ten (10%) percent, costs and reasonable attorney's fees actually incurred, shall be a charge on the land and shall be a continuing lien upon the property against which each such assessment is made. Each such assessment, together with interest thereon at ten (10%) percent, costs and reasonable attorney's fees actually incurred, shall also be the personal obligation of the person who was the Owner of such property at the time when the assessment fell due. The personal obligation for delinquent assessments shall not pass to a successor in title unless expressly assumed by such successor in title.

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Section 2. Purpose of Assessments. The Assessments levied by the Association shall be used to promote the recreation, health, safety, and welfare of the residents in the Property and for the improvement and maintenance of the Common Area, and for the exterior maintenance of the townhomes situated upon the Property as provided herein.

Section 3. Maximum Annual Assessment. Until January 1, 2008, the maximum annual assessment (which term shall not include any assessments levied pursuant to the Master Covenants) shall be One Thousand Forty-Four and No/100 (\$1,044.00) Dollars per Lot, which shall be paid annually unless the Board of Directors of the Association (hereinafter also referred to as "Board of Directors"), in its sole discretion, requires monthly or quarterly installments.

(a) From and after January 1, 2008, the maximum annual assessment may be increased each year not more than ten (10%) per cent above the maximum assessment for the previous year without a vote of the membership.

(b) From and after January 1, 2008, the maximum annual assessment may be increased above ten (10%) per cent by a vote of two-thirds (2/3) of each class of members who are voting in person or by proxy, at a meeting duly called for this purpose.

(c) The Board of Directors may fix the annual assessment at an amount not in excess of the maximum. Certain

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fixed costs, anticipated or unanticipated, or increases therein, for insurance, taxes, recycling or waste disposal may be passed through to the Members by permitting an automatic increase in the maximum assessment which reflects those increases. The Board of Directors is expressly authorized to obtain appropriate insurance coverage on behalf of the Association.

(d) Notwithstanding the provisions contained herein with respect to the maximum annual assessment, a special assessment consisting of a working capital fund for the initial period of the Association's operation equal to a three (3) month's estimated assessment for each Lot shall be assessed. Each Lot's share of the working capital fund shall be collected and transferred to the Association at the time of closing of the sale of each Lot and maintained in a segregated account for the use and benefit of the Association. Amounts paid into the working capital fund are not to be construed as advance payment of regular assessments. (The purpose of the fund is to insure that the Association will have cash available to meet unforeseen expenditures, or to acquire additional equipment or services deemed necessary or desirable.)

Section 4. Special Assessments for Capital Improvements and Maintenance. In addition to the annual assessments authorized above, the Association may levy, in any assessment year, a special assessment applicable to that year only for the purpose of

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defraying, in whole or in part, the cost of any construction, reconstruction, repair or replacement of a capital improvement upon the Common Area, including fixtures and personal property related thereto, and for the fulfillment of the Association's maintenance obligations to the extent not assessed as part of the annual assessments, provided that any such assessment shall have the assent of two-thirds (2/3) of the votes of each class of members who are voting in person or by proxy at a meeting duly called for this purpose.

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Section 5. Specific Assessments. The Association shall have the power to specifically assess a Lot or Lots as it shall deem appropriate for expenses of the Association which benefit less than all of the Lots. Such specific assessments shall be assessed equitably among all of the Lots which have benefited according to the benefit received, as determined by the Board of Directors of the Association, in its sole discretion.

Section 6. Notice and Quorum for Any Action Authorized Under Sections 3, 4 and 5. Written notice of any meeting called for the purpose of taking any action authorized under Sections 3, 4 and 5 shall be sent to all members not less than thirty (30) days nor more than sixty (60) days in advance of the meeting. At the first such meeting called, the presence of members or of proxies to cast sixty (60%) per cent of all the votes of each class of membership shall constitute a quorum. If the required quorum is

not present, another meeting may be called subject to the same notice requirement, and the required quorum at the subsequent meeting shall be one-half (1/2) of the required quorum at the preceding meeting. No such subsequent meeting shall be held more than sixty (60) days following the preceding meeting. Nothing contained herein shall be construed so as to require a meeting or a vote of members regarding such matters as are to be determined by the Board of Directors or such matters as do not expressly require a membership vote as set forth herein.

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Section 7. Uniform Rate of Assessment. Unless otherwise provided for herein, both annual and special assessments must be fixed at a uniform rate for all Lots and may, at the sole discretion of the Board of Directors, be collected on a monthly or quarterly basis.

Section 8. Date of Commencement of Annual Assessments: Due Dates. The Board of Directors of the Association shall promptly advise each Owner in writing of the estimated annual amount of the assessment for each Lot as so determined by the Board of Directors and shall furnish each Owner with a copy of the budget on which such estimate is based and, upon request shall furnish a copy of such budget to the mortgagee of such Lot. If the said estimated amount proves inadequate for any such year for any reason, including nonpayment of any Owner's assessments, the Board of Directors may, at any time or from time to time, levy special

assessments to cover such inadequacy. The assessment obligation shall commence as to each Lot at such time of closing of the sale of each Lot or upon delivery of possession of the Lot to an Owner or occupant, whichever shall occur first.

The Association shall, upon demand, and for reasonable charge, furnish a certificate signed by an officer of the Association setting forth whether the assessments on a specified Lot have been paid. A properly executed certificate of the Association as to the status of assessments on a Lot is binding upon the Association as of the date of its issuance.

Section 9. Effect of Non-payment of Assessments: Remedies of the Association. Any assessment not paid within ten (10) days after the due date shall incur a five (5%) Percent late penalty. The Association may bring an action at law against the Owner personally obligated to pay the same, or foreclose the lien against the property. No Owner may waive or otherwise escape liability for the assessments provided for herein by non-use of the Common Area or abandonment of his Lot.

Section 10. Subordination of the Lien to Mortgages. The lien of the assessments provided for herein shall be subordinate to the lien of any deed to secure debt or mortgage recorded prior to such assessment becoming due. Sale or transfer of any Lot shall not affect the assessment lien. However, the sale or transfer of any Lot pursuant to a prior recorded deed to secure debt or

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mortgage foreclosure shall extinguish the lien of such assessments as to payments which became due prior to such sale or transfer. No sale or transfer shall relieve such Lot from liability for any assessment thereafter becoming due or from the lien thereof. Nor shall any sale or transfer relieve any Owner from personal liability for any unpaid assessments.

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ARTICLE VI

EXTERIOR MAINTENANCE

In addition to the maintenance of the Common Area, which is the responsibility of the Association, the Association shall provide exterior maintenance upon each Lot which is subject to assessment hereunder, as follows: repair, replacement and care of roofs, exterior building surfaces, patios, trees, shrubs, grass, landscaping, walks, and other exterior improvements (driveways). Such exterior maintenance shall not include screens, glass surfaces, or any trees, shrubs, grass, or landscaping within enclosed patio or deck areas, or any improvements to any of the foregoing. The responsibility to maintain any improvements erected by an Owner shall belong to the Owner of the Unit for which such improvement was made.

In the event that the need for maintenance or repair of Common Area or improvements thereon, or a Lot or improvements thereon, is caused through the willful or negligent acts of any

Owner, or through the willful or negligent acts of the family, guests, invitees or licensees of an Owner, the cost of such exterior maintenance or repair shall be added to and become a part of the assessments to which such Owner's Lot or Lots are subject.

ARTICLE VII

ARCHITECTURAL CONTROL

No change or alteration in landscaping, and no building fence, wall, foundation, slab or other structure, shall be commenced, erected or maintained upon the Property, nor shall any exterior addition to or change or alteration therein be made until the plans and specifications showing the nature, kind, shape, height, materials, color, and location of the same shall have been submitted to and approved in writing as to harmony of external design and location in relation to surrounding structures and topography by the Board of Directors of the Association, or by an architectural committee composed of three (3) or more representatives appointed by the Board. In the event said Board, or its designated committee fails to approve or disapprove such design and location within sixty (60) days after said plans and specifications have been submitted to it, approval will not be required and this Article will be deemed to have been fully complied with. During the existence of the Class B membership, the Declarant shall exercise all architectural control arising under

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this Article, arising under this Declaration or which may be asserted in connection with the Property.

ARTICLE VIII

GENERAL PROVISIONS

Section 1. Enforcement. The Association, or any Owner shall have the right to enforce, by any proceeding at law or in equity, all restrictions, conditions, covenants, reservations, liens and charges now or hereafter imposed by the provisions of this Declaration. Failure by the Association or by an Owner to enforce any covenant or restriction herein contained shall in no event be deemed a waiver of the right to do so thereafter. Should the Association seek to enforce any of the covenants, conditions and restrictions contained herein (or any rules and regulations promulgated by the Association in accordance with the terms hereof) against an Owner, such Owner shall reimburse the Association for all costs, including reasonable attorney's fees, actually incurred in such enforcement. The Association may levy fines for any violation of the covenants, conditions and restrictions contained herein or any rules and regulations promulgated by the Association in accordance with the terms hereof, and any such fines shall constitute a lien upon the Lot in the same manner as unpaid assessments constitute a lien pursuant to the terms hereof.

Section 2. Severability. Invalidation of any one of these covenants or restrictions by judgment or court order shall in

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no wise affect any other provisions which shall remain in full force and effect.

Section 3. Term. The covenants and restrictions of this Declaration shall run with and bind the land for a term of twenty (20) years from the date this Declaration is recorded, after which time they shall be automatically extended for successive periods of ten (10) years, unless at the expiration of any twenty (20) year term or any ten (10) year extension period the covenants and restrictions are expressly terminated by an instrument signed by not less than seventy-five (75%) percent of the Owners. A termination must be recorded.

Section 4. Information. The Association is required to make available to Owners and lenders, and to holders, insurers or guarantors of any first mortgage, or deed to secure debt current copies of the Declaration, By-Laws, other rules concerning the Development and the books, records and financial statements of the Association. "Available" means available for inspection, upon request, during normal business hours or under other reasonable circumstances. Any holder of a first mortgage or deed to secure debt is entitled, upon written request, to a financial statement for the preceding fiscal year of the Association.

Section 5. Contracts. The Association, prior to passage of control, shall not be bound either directly or indirectly to contracts or leases (including a management contract) unless there

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is a right of termination of any contract or lease without cause, which is exercisable without penalty at any time after transfer of control, upon not more than ninety (90) days notice to the other party thereto; provided, however, that no contract shall be terminated prior to the end of its initial term, which initial term shall not exceed one (1) year.

Section 6. Emergency Repairs. The Association shall have a reasonable right of entry upon any Lot to make any emergency repairs and to do other work reasonably necessary for the proper maintenance/operation of the Development.

Section 7. Permits. The Association shall have the right to grant permits, licenses and easements over the Common Area for utilities, road or other purposes reasonably necessary or useful for the proper maintenance or operation of the Development.

Section 8. Lender's Notice. Upon written request to the Association, identifying the name and address of the holder, insurer or guarantor and the Lot number or address, any such eligible mortgage holder or eligible insurer or guarantor will be entitled to a timely written notice of:

(a) Any condemnation loss or any casualty loss which affects a material portion of the Development or any one Lot upon which there is a first mortgage or deed to secure debt held, or guaranteed by such eligible mortgage holder or eligible insurer or guarantor, as applicable;

(b) Any delinquency of assessments or charges owed by a owner subject to a first mortgage or deed to secure debt held, insured or guaranteed by such eligible holder or eligible insurer or guarantor, which remains uncured for a period of sixty (60) days;

(c) Any lapse, cancellation or material modification of any insurance policy or fidelity bond maintained by the Association;

(d) Any proposed action which would require the consent of a specified percentage of mortgage holders.

Section 9. Common Area Facilities. The Board of Directors shall have the right to promulgate rules and regulations governing the use of Common Area and any facilities constructed within the Common Area and any areas of the Property or improvements thereon the maintenance of which is the responsibility of the Association.

Section 10. Easement. Declarant hereby reserves for itself, its agents, assigns, invitees and designees, an easement of ingress and egress for pedestrian and vehicular access across the streets, roads, parking facilities and Common Areas of the Property and a blanket easement for the construction and repair of utilities upon the Property.

Section 11. Insurance.

1. Owner Coverage. The record Owner of each Unit

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shall obtain and maintain in full force and effect, at all times, (the "Effective Date"), the following insurance coverages:

(a) Fire and hazard insurance covering all of the insurable improvements on the Lot against loss or damage by fire and other hazards covered by the standard extended coverage endorsement, and such other risks as from time to time shall be customarily covered with respect to buildings similar in construction, location and use as the said improvements, in an amount equal to the maximum insurable replacement value thereof, as determined periodically by the Association;

(b) If the Lot is in a flood zone, Federal Flood Insurance covering all of the insurable improvements on the Lot against loss or damage by rising water in an amount equal to the maximum insurable replacement value thereof, as determined annually by the Association.

2. Failure to Insure. Owner shall be responsible for acquiring said fire, hazard and flood insurance and the payment of premiums directly or through his financing agencies, and shall provide the Association with a copy of his policy and all renewals thereof at least thirty (30) days prior to the Effective Date or the expiration thereof. If any Owner fails to provide

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said proof of insurance by the required date, the Association shall, after ten (10) days' notice to the Owner, purchase said insurance on the improvements located on a Lot at whatever rates are available through its insurance agent and assess said Lot for the cost thereof, plus interest thereon at the rate of 13% per annum.

3. Insurance Requirements.

(a) All policies shall be written with a company licensed to do business in the State of Georgia;

(b) All policies shall be for the benefit of the Association, Owners and their mortgagees as their interest may appear.

(c) All policies shall contain a standard mortgagee loss payee clause in favor of each said mortgagee which shall provide that the loss, if any, thereunder shall be payable to the Association and to such mortgagee as its interest may appear, subject, however to any loss payment provisions in favor of the Association.

(d) All policies shall contain a standard provision providing that such policies may not be altered, substantially modified or canceled without at least thirty (30) days prior written notice to all of the insureds, including the Association and the mortgagee;

(e) A copy of all policies and endorsements thereto

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shall be deposited with and maintained by the Association at its principal office;

(f) Exclusive authority to adjust losses under the policies hereafter in force with respect to the submitted property shall be vested in the Board of Directors of the Association and said mortgagees;

(g) The Owners and/or the Association shall make every reasonable effort to secure insurance policies that will provide for the following: (1) a waiver of subrogation by the insurer as to any claims against the Association and its officers, directors, employees and agents, the Owners and their respective servants, agents and guests; (2) a waiver by the insurer of its right to repair and reconstruct instead of paying cash; and (3) that no policy on the submitted property can be canceled, invalidated or suspended on account of the conduct of any director, officer, agent or employee of the Association without a prior demand in writing delivered to the Board of Directors to cure the defect and the allowance of a reasonable time thereafter within which the defect may be cured.

4. Insurance Review. The Board of Directors shall conduct an insurance review at least every second year which shall include a replacement cost evaluation of each Unit. Each Owner

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will then be notified of the necessary amount of coverage needed for replacement. Each individual Owner shall be responsible for having the amount of coverage deemed necessary by the Board of Directors.

In the event any improvements on a Lot shall be damaged or destroyed by fire, other casualty or any other cause or event whatsoever, the Owner shall repair such damage or destruction within ninety (90) days after such damage or destruction or, where repairs cannot be completed within 90 days, they shall be commenced within such period and shall be completed within a reasonable time thereafter.

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ARTICLE IX

RESTRICTIONS ON GENERAL USE

The use of the Lots shall be in accordance with the following provisions:

Section 1. Residential Use. Each Unit is hereby restricted to use by its Owner, the Owner's family, servants and guests, tenants or lessees, as a residence only and shall in no event be used at any time for any purpose other than residential purposes.

The Declarant and its duly authorized agents, representatives and employees shall have the right to maintain a sales office and one or more model units within the Development so

long as Declarant owns any undeveloped property or any Lot for the purpose of sale.

Section 2. No Subdivision. No Lot may be divided or subdivided into a smaller Lot, nor any portion thereof separately sold, leased, rented or otherwise transferred. No structure of temporary character, trailer, basement, tent, shack, carport or other outbuilding shall be erected or used as a residence or for any other purpose of any portion of the Property at any time; provided, however, that the Declarant shall have the right to have a construction trailer on site during construction of the Development.

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Section 3. Obstruction Of Common Area. There shall be no obstruction of Common Area, nor shall anything be stored in the Common Area without the prior written consent of the Board of Directors.

Section 4. No Hazardous Materials. Nothing shall be done or kept on any Lot or in the Common Area which will increase the rate of insurance on any portion thereof. No Owner shall permit anything to be done or kept on his Lot or in the Common Area which will result in the cancellation of insurance on any portion thereof, or which would be in violation of any law. No waste will be permitted on the Common Area.

Section 5. Exterior Decorations. Owners shall not cause or permit anything to be hung or displayed on the outside of

windows or placed on the outside walls, doors, patios, decks or balconies of any portion of the Property, and no sign, awning, canopy, shutter, radio or television antenna or satellite dishes shall be affixed to or placed upon the exterior walls or doors yard, roof, decks, patios or balconies or any part thereof exposed on or at any window without the express written approval of the Board of Directors of the Association. Notwithstanding anything contained herein to the contrary, any such written approval provided by these covenants shall also require the Declarant's written approval during the Class B membership. All interior window treatments, blinds, shutters, shears, curtains, drapes, and coverings which are visible to the outside shall be of white, beige, off-white or opaque coloring.

Section 6. Nuisances. No noxious or offensive activity shall be maintained or carried on any Lot or in the Common Area, nor shall anything be done therein, either willfully or negligently, which may be or become an annoyance or nuisance to any other Owner or occupant. No Owner shall make or permit any disturbing noise on the Property, or any portion thereof, by himself, his family, servants, guests, tenants or lessees, nor do or permit anything by any of such persons that will interfere with the rights, comfort or convenience of other Owners. No clothes, sheets, blankets, laundry or any kind of other article shall be hung out of a building or exposed on a patio, deck or balcony or on

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any part of the Common Area. The Common Area and each Lot shall be kept free and clear of rubbish, debris and other unsightly materials, objects, or decorations.

Section 7. Signs. All "For Sale", "For Rent", or "For Lease" signs placed by any Owner on any part of the Property or in any building therein will conform to such regulations which specify size, shape, color and placement as may be adopted by the Board of Directors, but in no event will any sign be larger than eighteen inches (18") by twenty-four inches (24"). No other window displays, signs or advertising shall be maintained or permitted on any Lot; provided, however, that Declarant and his duly authorized agents, representatives and employees shall have the right to maintain advertising, office, model and for sale signs on the Property so long as Declarant owns any undeveloped property or Lot for the purpose of sale.

Section 8. Garbage Containers. No garbage cans shall be placed in the Common Areas. All garbage cans shall be stored on the rear patio or in the garage.

Section 9. Parking Areas. Except in designated areas, if any, parking areas located on the Common Area shall be used for no purpose other than to park the personal vehicles of Owners, their guests, tenants and lessees. Notwithstanding anything contained herein to the contrary, no commercial vehicles, trailers, campers, recreational vehicles, motor homes, boats, and disabled

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vehicles or vehicles under repair shall be parked on the Property. This prohibition shall not apply to the temporary parking of service vehicles used for maintenance purposes or temporary parking of prohibited vehicles for loading and unloading purposes.

Section 10. Common Elements Use. No planting or gardening shall be done and no fences, hedges or walls shall be erected or maintained within the Common Area except as the Board of Directors, in its sole discretion, may deem appropriate. No sidewalks, doorsteps, entrances and passageways shall be obstructed, encumbered or used other than for the ingress or egress to and from Units. These restrictions are for the mutual benefit, safety and protection of all Owners, residents and visitors.

Section 11. Pets. It will be the responsibility of the owners of any pets to keep their pets leashed when outdoors and to clean up any and all waste deposited such pets.

Section 12. Other Restrictions, Rules and Regulations. The Association, through its Board of Directors, shall have the authority to promulgate and publish such additional restrictions, rules and regulations governing the use of the Property, as deemed necessary to insure the protection and beneficial enjoyment thereof by all Owners. The Board of Directors shall be empowered to enforce compliance with the provisions of this Declaration, the By-Laws of the Association and any rules and regulations adopted by

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it, and may levy and impose fines for violations of said provisions as provided herein.

Section 13. Security Measures. The Association may, from time to time, provide measures of security in the Development including but not limited to gate security; however, the Association is not a provider of security and shall have no duty to provide any security in the Development. The obligation to provide security lies solely with each owner individually. The Association shall not be liable for any loss or damage by reason of failure to provide adequate security or ineffectiveness of security measures taken.

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ARTICLE X

CONDEMNATION, LOSS OR DESTRUCTION

Section 1. Condemnation. The Association shall represent the Owners in any condemnation proceeding or in negotiations, settlements and agreements with any condemning authority for acquisition of the Common Area, or any part thereof.

For such purpose, the Owners hereby appoint the Association as attorney-in-fact. In the event of such a taking, the award or proceeds of settlement shall be payable to the Association for the use and benefit of the Owners and their mortgagees as their interest may appear.

Section 2. Partial Loss or Destruction. The Association shall represent the Owners in any proceedings, claims or

negotiations in connection with partial loss or destruction of the Common Area. For such purpose, the Association is named by the Owners as attorney-in-fact. In the event of any such partial loss or destruction, any award or proceeds of settlement shall be payable to the Association for the use and benefit of the Owners and their mortgagees as their interests may appear.

ARTICLE XI

LENDERS RIGHTS

To the extent permitted by law, lender shall be afforded the following rights:

Section 1. Restoration or Repair. Any restoration or repair of damaged Lots, after partial condemnation or damage due to an insurable hazard, shall be performed substantially in accordance with the Declaration and the original plans and specifications, unless other action is approved by lenders holding Deeds to Secure Debt or Security Deeds on Lots which have at least fifty-one (51%) per cent of the votes of Lots subject to Deeds to Secure Debt.

Section 2. Election to Terminate. Any election to terminate the legal status of the development after substantial destruction or a substantial taking in condemnation of the development must require the approval of the lenders holding Deeds to Secure Debt or Security Deeds on Units which have fifty-one (51%) per cent of the votes of Units subject to Deeds to Secure Debt or Security Deeds.

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Section 3. Reallocation of Interest. Unless the formula for reallocation of interest in the Common Areas after a partial condemnation or partial destruction of the Development is fixed in advance by applicable law, no reallocation of interest in the Common Area resulting from the partial condemnation or partial destruction of the Development may be effective without the prior approval of lenders holding Deeds to Secure Debt or Security Deeds on all remaining Units whether existing in whole or in part, and which have at least fifty-one (51%) per cent of the votes of such remaining Units subject to Deeds to Secure Debt or Security Deeds.

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Section 4. Professional Management. In the event professional management has been previously required by any lender or insurer or guarantor, any decision to establish self-management by the Association shall require the prior consent of Owners of Lots to which at least sixty-seven (67%) per cent of the votes in the Association are allocated and the approval of lenders holding Deeds to Secure Debt or Security Deeds on Units which have at least fifty-one (51%) per cent of votes of Units subject to Deeds to Secure Debt or Security Deeds.

ARTICLE XII

MODIFICATION

By recorded supplement, this Declaration may be modified:

- (1) By Declarant until such time as Declarant shall have relinquished control of the Association as provided herein, except

that any modification concerning termination of the legal status of the development or adding or amending material provisions as described in paragraph (2) hereof shall require the requisite consent described in paragraph (2) hereof; and, thereafter;

(2) By the affirmative action of seventy-five (75%) per cent of the votes of the Association voting in person or by proxy at a meeting called and held in the manner prescribed in the By-Laws for holding annual meetings; provided, however, that the consent of Owners to which at least seventy-five (75%) per cent of the votes of the Association are allocated and the approval of the lenders holding Deeds to Secure Debt on Lots which have at least seventy-five (75%) per cent of the votes of Lots subject to Deeds to Secure Debt shall be required to terminate the legal status of the Development. Provided further, however, the consent of the Owners of Lots to which at least seventy-five (75%) per cent of votes in the Association are allocated and the approval of those lenders holding Deeds to Secure Debt on Lots which have at least fifty-one (51%) per cent of the votes of Lots subject to Deeds to Secure Debt, shall be required to add or amend any material provisions to this Declaration which establish, provide for, govern or regulate any of the following, provided that any such lenders shall be deemed to have given their consent thirty (30) days after notice is mailed to them at their last known address:

(a) Votes;

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(b) Assessments, assessment liens or subordination of such liens;

(c) Reserves for maintenance, repair and replacement of Common Area or Lots;

(d) Insurance or fidelity bonds;

(e) Rights to use of the Common Area;

(f) Responsibility for maintenance and repair;

(g) Expansion or contraction of the development or the addition, annexation or withdrawal of property to or from the Development, except as provided hereinbefore;

(h) Boundaries of any Lot;

(i) The interest of the general Common Area;

(j) Convertibility of Lots into Common Area or Common Area into Lots;

(k) Leasing of Lots;

(l) Imposition of any right of first refusal or similar restriction on the right of Lot Owners to sell, transfer or otherwise convey his or her Lot;

(m) Any provisions which are for the express benefit of lenders, holders, insurers or guarantors of First Deeds to Secure Debt.

(3) Any addition or amendment to this Declaration shall not be considered material if it is for the purpose of correcting technical or typographical errors, or for clarification

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only. Any lender who receives a written request to approve additions or amendments and who does not deliver or post to the requesting party a negative response within thirty (30) days shall be deemed to have approved such request.

ARTICLE XIII

EASEMENTS AND PARTY WALLS

Section 1. Easements for Encroachments. If any portion of the Common Area encroaches upon any Lot or any Unit encroaches upon any Common Area or another Lot as a result of the construction, reconstruction, repair, shifting, settlement or movement of any portion of the improvements, a valid easement for the encroachment and for the maintenance of the same shall exist so long as the encroachment exists. This easement for encroachment includes, but is not limited to, eaves, decks, balconies, porches and overhangs.

Section 2. General Rules of Law to Apply. Each wall which is built as a part of the original construction of the Units upon the Property and placed on the dividing line between the Lots shall constitute a party wall, and, to the extent not inconsistent with the provisions of this Article, the general rules of law regarding party walls and liability for property damage due to negligence or willful acts or omissions shall apply thereto.

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Section 3. Sharing of Repair and Maintenance. The cost of reasonable repair and maintenance of a party wall shall be shared by the Owners who make use of the wall in proportion to such use.

Section 4. Destruction by Fire or Other Casualty. If a party wall is destroyed or damaged by fire or other casualty, any Owner who has used the wall may restore it, and if the other Owners thereafter make use of the wall, they shall contribute to the cost of restoration thereof in proportion to such use without prejudice, however, to the right of any such Owners to call for a larger contribution from the others under any rule or law regarding liability for negligent or willful acts or omissions.

Section 5. Weatherproofing. Notwithstanding any other provision of this Article, an Owner who by his negligent or willful act causes the party wall to be exposed to the elements shall bear the whole cost of furnishing the necessary protection against such elements.

Section 6. Right to Contribution Runs With Land. The right of any Owner to contribution from any other Owner under this Article shall be appurtenant to the land and shall pass to such Owner's successors in title.

Section 7. Arbitration. In the event of any dispute arising concerning a party wall, or under the provisions of this Article, the parties shall use their best efforts to resolve the

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dispute. If the parties are unable to resolve the dispute, they shall submit said dispute to arbitration, with each party choosing one arbitrator and such arbitrators shall choose one additional arbitrator, and the binding decision shall be by a majority of all of the arbitrators.

IN WITNESS WHEREOF, the undersigned, being the Declarant herein, has hereunto set his hand and affixed his seal this 19 day of July, 2008.

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RGM HOMES INC.

By: \_\_\_\_\_

Title: Secretary

Executed in the presence of:

Amber T. Munn  
Witness

[Signature]  
Notary Public

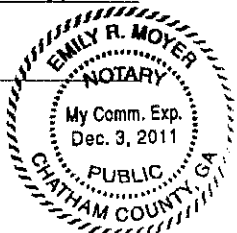


EXHIBIT A

ALL those certain lots, tracts or parcels of land situate, lying and being known as LOT NUMBERS 648, 649, 650, 651, 652, 653, 654, 655, 656, 657, 658, 659, 660, 661, 662, 663, 664, 665, 666, 667, 668, 669, 670, 671, 672, 673, 674, 675, 676, 677, 678, 679, 680, 681, 682, 683, 684, 685, 686, 687, 688, 689, 690, 691, 692, 693, 694, 695, 696, 697, 698, 699, 700, 701, 702, 703, 704, 705, 706, 707, 708, 709, 710, 711, 712, 713, 714, 715, 716, 717, 718, 719, 720, 721, 722, 723, 724, 725, 726, 727, 728, 729, 730, 731, 732,

733, 734, 735, 736, 737, 738, 739, 740, 741, 742, 743, 744, 745, 746, 747, 748, 749, 750, 751, 752, 753, 754, 755, 756, 757, 758, 759, 760, and 761, LAKE SHORE SUBDIVISION, PHASE THREE, City of Port Wentworth, Chatham County, Georgia, as shown on that certain Subdivision Plat dated July 25, 2007, prepared for Shore Thing, LLC by Michael A. Hussey, recorded in Plat Book 39-S, Page, 14A thru 14L, in the Office of the Clerk of the Superior Court of Chatham County, Georgia, to which map reference is hereby made for a more particular description of the property herein described.

Subject, however, to all covenants, conditions, easements, restrictions and rights-of-way of record.

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